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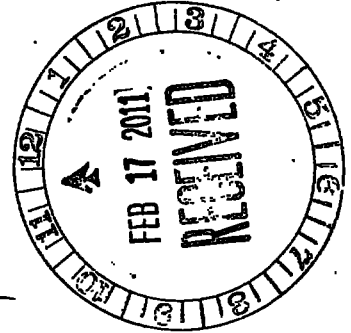
KARL MORELL

kmorell@dc.bjllp.com

February 17, 2011

BY HAND DELIVERY

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001



Re: STB Finance Docket No. 35465, Autauga Northern Railroad,
L.L.C. – Lease and Operation Exemption – Norfolk Southern
Railway Company

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C.F.R. § 1150.31 and a check covering the \$1,800 filing fee. Also enclosed is a Disc containing the Notice and Summary.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely yours,

A handwritten signature in cursive script that reads "Karl Morell".

Karl Morell

ENTERED
Office of Proceedings

FEB 17 2011

Part of
Public Record

Enclosures

FILED

FEB 17 2011

**SURFACE
TRANSPORTATION BOARD**

FEE RECEIVED

FEB 17 2011

TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35465

AUTAUGA NORTHERN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION--
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
AUTAUGA NORTHERN
RAILROAD, L.L.C.

Dated: February 17, 2011

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35465

AUTAUGA NORTHERN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION--
NORFOLK SOUTHERN RAILWAY COMPANY

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.

Autauga Northern Railroad, L.L.C. ("ANRR"), a non-carrier, files this Notice of Exemption pursuant to 49 C.F.R. Part 1150, Subpart D--Exempt Transactions, to permit ANRR to lease from Norfolk Southern Railway Company ("NS") and operate rail lines located in Alabama totaling approximately 43.62 miles in length. ANRR will also obtain by assignment incidental trackage rights over a 10.08-mile rail line owned by CSX Transportation, Inc. ("CSXT").

In support of this Notice of Exemption, ANRR submits the following information as required by 49 C.F.R. § 1150.33:

(a) Full name and address of applicant:

Autauga Northern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

(b) Applicant's Representative:

**Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307**

(c) Statement of Agreement:

ANRR and NS will enter into a lease agreement in the very near future.

(d) The operator of the property:

ANRR will be the operator of the leased lines.

(e) Summary of proposed transaction:

ANRR is a new, non-carrier limited liability company indirectly controlled by Watco Holdings, Inc. ("Watco"). In this proposed transaction, ANRR will lease approximately 43.62 miles of NS rail lines located between Maplesville, AL and Autauga Creek, AL and the Union Camp Lead. ANRR will also obtain incidental trackage rights by the assignment of NS's trackage rights over a 10.08-mile rail line owned by CSXT.

Upon the consummation of this lease transaction, ANRR will immediately make investments to upgrade the leased lines so as to improve the long term viability of these lines. With the upgrades and ANRR's locally based operations, ANRR will be able to improve service levels to existing customers and hopefully attract new customers. ANRR intends to aggressively market the lines and hopefully increase business from current customers and develop business opportunities with new customers.

- (1) The name and address of the company leasing the subject property:

Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

- (2) The involved transaction is expected to be consummated on or shortly after the effective date of this Notice.

- (3) ANRR will lease and operate the rail lines owned by NS and located between: (1) Milepost MA 130.00, at Maplesville, AL, and Milepost MA 171.05, at Autauga Creek, AL; and (2) Milepost MD 0.0 and Milepost MD 2.57, at Autauga Creek, AL. In addition, ANRR will obtain by assignment the trackage rights NS currently possesses over the CSXT rail line located between Milepost 171.02, at Autauga Creek, AL, and milepost 181.1, at Montgomery, AL.

- (4) The length of the lines being leased is approximately 43.62 miles. The length of the trackage rights line is approximately 10.08 miles.

- (f) A map of the rail lines being leased and the incidental trackage rights is attached as Exhibit A.

- (g) ANRR hereby certifies that ANRR's projected revenues as a result of this transaction will not result in ANRR becoming a Class II or Class I rail carrier. ANRR further certifies that its projected annual rail freight revenues from operation of the leased lines will not exceed \$5 million. Consequently, the requirements of 49 C.F.R. § 1150.32(e) do not apply to this transaction.

- (h) The Lease Agreement between ANRR and NS will not contain a provision that limits or prohibits ANRR from interchanging traffic with a third party.

A caption summary, as required by 49 C.F.R. § 1150.34, is attached.

This transaction is related to STB Docket No. 35464, *Watco Holdings, Inc.* --

Continuance In Control Exemption – Autauga Northern Railroad, L.L.C., wherein Watco Holdings, Inc., has concurrently filed a verified notice to continue in control of ANRR upon ANRR becoming a Class III rail carrier.

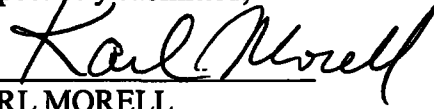
ENVIRONMENTAL AND HISTORIC IMPACTS

ANRR is leasing the rail lines and obtaining the trackage rights from NS for continued rail operations. Further Board approval is required for ANRR to discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

ANRR's lease and operation of the rail lines will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. ANRR's lease and operation of the rail lines will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morell", written over a horizontal line.

KARL MORELL

Of Counsel

BALL JANIK LLP

Suite 225

1455 F Street, N.W.

Washington, DC 20005

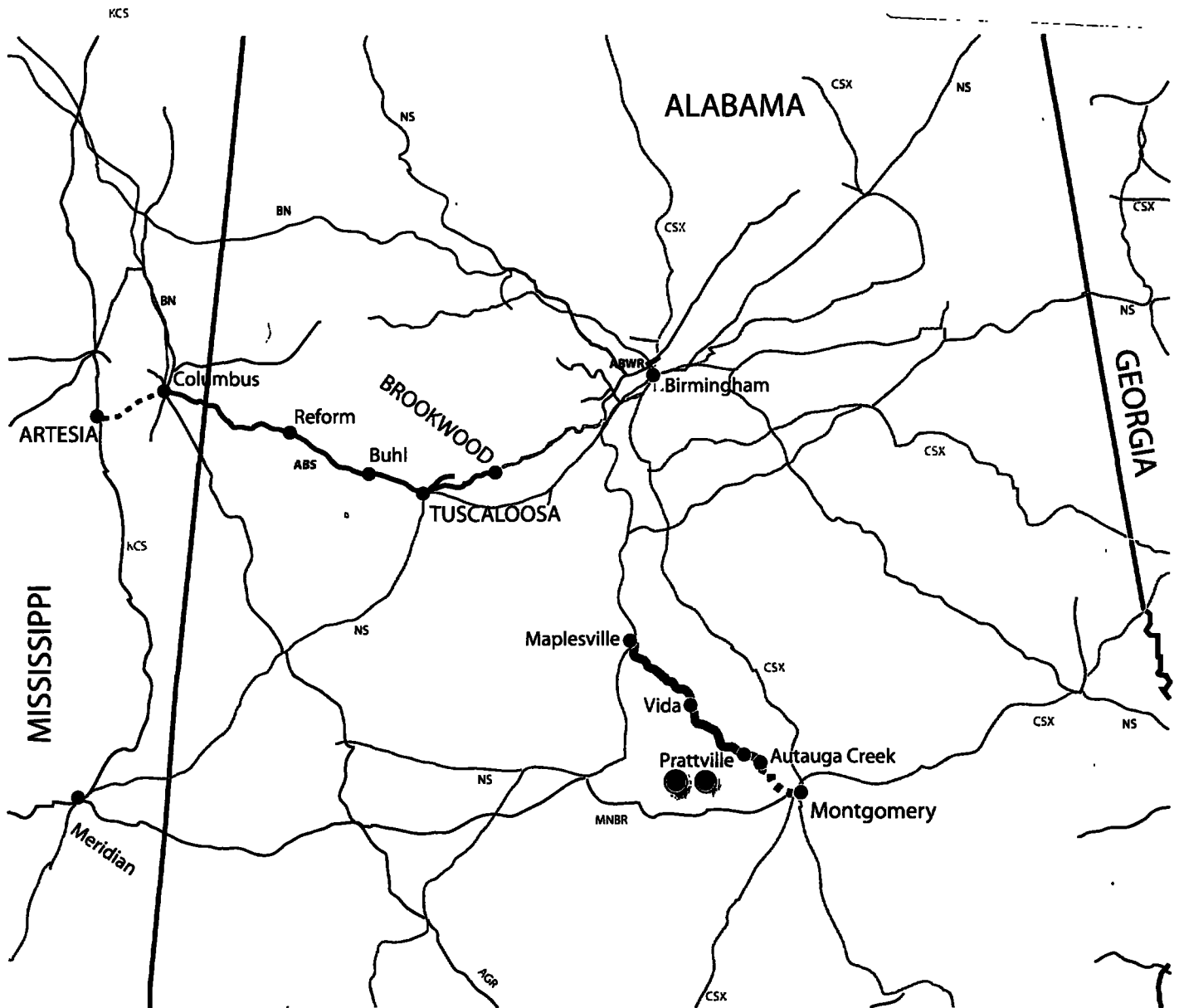
(202) 638-3307

Attorney for:

AUTAUGA NORTHERN RAILROAD, L.L.C.

Dated: February 17, 2011

EXHIBIT A



LEGEND:

Autauga Northern (AUT)

Autauga Northern Trackage Rights

Interchanges - Track miles 43.57

NS - Maplesville

CSX - Montgomery

● Mechanical Services

● Switching Services

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 35465

**AUTAUGA NORTHERN RAILROAD, L.L.C.
--LEASE AND OPERATION EXEMPTION--
NORFOLK SOUTHERN RAILWAY COMPANY**

Autauga Northern Railroad, L.L.C. ("ANRR"), a non-carrier, has filed a notice of exemption to lease from Norfolk Southern Railway Company ("NS") and operate rail lines owned by NS located between: (1) Milepost MA 130.00, at Maplesville, AL, and Milepost MA 171.05, at Autauga Creek, AL; and (2) Milepost MD 0.0 and Milepost MD 2.57, at Autauga Creek, AL. In addition, ANRR will obtain by assignment the trackage rights NS currently possesses over the rail line owned by CSX Transportation, Inc., located between Milepost 171.02, at Autauga Creek, AL, and milepost 181.1, at Montgomery, AL.

This transaction is related to STB Docket No. 35464, *Watco Holdings, Inc. -- Continuance In Control Exemption -- Autauga Northern Railroad, L.L.C.*, wherein Watco Holdings, Inc., has concurrently filed a verified notice to continue in control of ANRR upon ANRR becoming a Class III rail carrier.

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N.W., Washington, DC 20005, (202) 638-3307.

This notice is filed under 49 C.F.R. 1150.31. If the notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

STATE OF KANSAS

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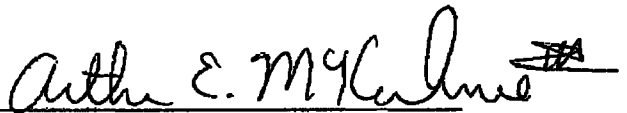
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ss.

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COUNTY OF CRAWFORD

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Assistant Secretary of Autauga Northern Railroad, L.L.C., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Arthur E. McKechnie, III

SUBSCRIBED AND SWORN TO before me this 16th day of February, 2011, in the County of Crawford, State of Kansas.

My Commission Expires: 11/20/2011


Notary Public

